

September 5, 2018

The Honorable Jocelyn G. Boyd
Chief Clerk/Administrator
Public Service Commission of South Carolina
101 Executive Center Drive
Columbia, SC 29210
Via Email to Contact@PSC.SC.Gov

RE: Joint Petition of Duke Energy Carolinas, LLC and Duke Energy Progress, LLC for an Accounting Order to Defer Certain Costs Related to Grid Reliability, Resiliency, and Modernization
Docket Number 2018-206-E

Dear Ms. Boyd:

Solar Business Alliance, South Carolina Coastal Conservation League, Southern Alliance for Clean Energy, Upstate Forever, and Vote Solar (collectively, "signatories") submit this letter in support of the Companies' deferral accounting request. Signatories are participating in ongoing discussions regarding the future of clean energy and grid modernization in South Carolina. Many of the signatories participated in a recent stakeholder meeting regarding Duke's grid modernization plans for South Carolina, and they intend to continue to engage on this topic with the Company and other interested stakeholders. The signatories are also participating in meetings led by Office of Regulatory Staff related to "Act 236 2.0" and next steps for South Carolina's broader clean energy policy.

In the interest of furthering collaboration on energy policy issues for South Carolina, including policy conversations about the future of the grid serving Duke Energy territory in South Carolina, the signatories lend support to this initial deferral request to preserve the Company's ability to seek cost recovery in its next rate case while avoiding financial degradation in the intervening time. The signatories acknowledge that the deferral is limited in amount and scope compared to the Company's long-term plans for grid modernization in South Carolina. The Company seeks this initial deferral accounting treatment for near term work as longer term planning and stakeholder engagement continues.

If approved, the deferral proposal should not limit the signatories' ability to weigh in on the substance or prudence of the expenditures in future rate cases. As acknowledged in Duke's response comments in this proceeding: "inquiries as to whether the costs were prudently incurred or appropriate for recovery occur in rate cases, and nothing in the approval of the accounting treatment requested by the Companies lessens the level of inquiry or scrutiny that may surround such costs at the time they are sought for recovery." Duke Response at pp. 1-2. The Company also noted that "Commission

action on accounting requests [is] not precedential and does not prejudice the right of any party to contest the accounting treatment in the utility's future rate proceeding or other earnings-related proceeding." Duke Response at p. 3.

The signatories thus support the initial deferral accounting request, while reserving the right to weigh in on the prudence of deferred costs and any related issues in future rate cases.¹ The signatories also reserve the right to make arguments in future proceedings related to other deferral accounting requests or general deferral accounting principles.

Sincerely,

/s/ Bret Sowers

Bret Sowers
Chairman
South Carolina Solar Business Alliance

/s/ Eddy Moore

Eddy Moore
Energy and Climate Program Director
South Carolina Coastal Conservation League

/s/ Bryan Jacob

Bryan Jacob
Solar Program Director
Southern Alliance for Clean Energy

/s/ Andrea Cooper

Andrea Cooper
Executive Director
Upstate Forever

/s/ Thad Culley

Thad Culley
Regional Director
Vote Solar

¹ Related issues may include, for example, whether deferred costs should be placed in rate base or recovered as expenses and whether carrying costs and return on investment could be recovered.